

ASSEMBLY BILL

No. 1361

Introduced by Assembly Member Dymally

February 22, 2005

An act to amend Section 7073 of the Government Code, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

AB 1361, as introduced, Dymally. Enterprise zones: designation period.

The Enterprise Zone Act provides for the designation of enterprise zones in the state by the Department of Housing and Community Development, pursuant to which qualifying entities may receive certain tax, regulatory, and program incentives for economic development activities in the zone. A designation made by the department is binding for a period of 15 years from the date of the original designation, except that the designation for enterprise zones meeting specified criteria may total 20 years.

This bill additionally would provide that the designation period for specified enterprise zones in the County of Los Angeles may total 20 years.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 7073 of the Government Code is
- 2 amended to read:
- 3 7073. (a) Except as provided in subdivision (e), any city,
- 4 county, or city and county with an eligible area within its

1 jurisdiction may complete a preliminary application for
2 designation as an enterprise zone. The applying entity shall
3 establish definitive boundaries for the proposed enterprise zone
4 and the targeted employment area.

5 (b) (1) In designating enterprise zones, the department shall
6 select from the applications submitted those proposed enterprise
7 zones that, upon a comparison of all of the applications
8 submitted, indicate that they propose the most effective,
9 innovative, and comprehensive regulatory, tax, program, and
10 other incentives in attracting private sector investment in the
11 zone proposed.

12 (2) For purposes of this subdivision, regulatory incentives
13 include, but are not limited to, all of the following:

14 (A) The suspension or relaxation of locally originated or
15 modified building codes, zoning laws, general development
16 plans, or rent controls.

17 (B) The elimination or reduction of fees for applications,
18 permits, and local government services.

19 (C) The establishment of a streamlined permit process.

20 (3) For purposes of this subdivision, tax incentives include,
21 but are not limited to, the elimination or reduction of construction
22 taxes or business license taxes.

23 (4) For the purposes of this subdivision, program and other
24 incentives may include, but are not limited to, all of the
25 following:

26 (A) The provision or expansion of infrastructure.

27 (B) The targeting of federal block grant moneys, including
28 small cities, education, and health and welfare block grants.

29 (C) The targeting of economic development grants and loan
30 moneys, including grant and loan moneys provided by the federal
31 Urban Development Action Grant program and the federal
32 Economic Development Administration.

33 (D) The targeting of state and federal job disadvantaged and
34 vocational education grant moneys, including moneys provided
35 by the federal Job Training Partnership Act of 1982 (Public Law
36 97-300).

37 (E) The targeting of federal or state transportation grant
38 moneys.

39 (F) The targeting of federal or state low-income housing and
40 rental assistance moneys.

(G) The use of tax allocation bonds, special assessment bonds, bonds under the Mello-Roos Community Facilities Act of 1982 (Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5), industrial development bonds, revenue bonds, private activity bonds, housing bonds, bonds issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985 (Article 4 (commencing with Section 6584) of Chapter 5), certificates of participation, hospital bonds, redevelopment bonds, school bonds, and all special provisions provided for under federal tax law for enterprise community or empowerment zone bonds.

(5) In the process of designating new enterprise zones, the department shall take into consideration the location of existing zones and make every effort to locate new zones in a manner that will not adversely affect any existing zones.

(6) In designating new enterprise zones, the department shall include in its criteria the fact that jurisdictions have been declared disaster areas by the President of the United States within the last seven years.

(7) When reviewing and ranking new enterprise zone applications, the department shall give special consideration or bonus points, or both, to applications from jurisdictions that meet at least two of the following criteria:

(A) The percentage of households within the census tracts of the proposed enterprise zone area, the income of which is below the poverty level, is at least 17.5 percent.

(B) The average unemployment rate for the census tracts of the proposed enterprise zone area was not less than five percentage points above the statewide average for the most recent calendar year as determined by the Employment Development Department.

(C) The applicant jurisdiction has, and can document that it has, a unique distress factor affecting long-term economic development, including, but not limited to, resource depletion, plant closure, industry recession, natural disaster, or military base closure.

(c) In evaluating applications for designation, the department shall ensure that applications are not disqualified solely because of technical deficiencies, and shall provide applicants with an opportunity to correct the deficiencies. Applications shall be

1 disqualified if the deficiencies are not corrected within two
2 weeks.

3 (d) (1) Except as provided in paragraph (2) *or* (3), or upon
4 dedesignation pursuant to subdivision (c) of Section 7076.1 or
5 Section 7076.2, a designation made by the department shall be
6 binding for a period of 15 years from the date of the original
7 designation.

8 (2) The designation period for any zone designated pursuant to
9 either Section 7073 or 7085 prior to 1990 may total 20 years,
10 subject to possible dedesignation pursuant to subdivision (c) of
11 Section 7076.1 or Section 7076.2, if the following requirements
12 are met:

13 (A) The zone receives a superior or passing audit pursuant to
14 subdivision (c) of Section 7076.1.

15 (B) The local jurisdictions comprising the zone submit an
16 updated economic development plan to the department justifying
17 the need for an additional five years by defining goals and
18 objectives that still need to be achieved and indicating what
19 actions are to be taken to achieve these goals and objectives.

20 (3) *The designation period for the Central City, Mid-Alameda,*
21 *and Northeast Valley enterprise zones, located in the County of*
22 *Los Angeles, may total 20 years, subject to possible*
23 *dedesignation pursuant to subdivision (c) of Section 7076.1 or*
24 *Section 7076.2.*

25 (e) (1) Notwithstanding any other provision of law, any area
26 designated as an enterprise zone pursuant to Chapter 12.8
27 (commencing with Section 7070) as it read prior to January 1,
28 1997, or as a targeted economic development area, neighborhood
29 economic development area, or program area pursuant to Chapter
30 12.9 (commencing with Section 7080) as it read prior to January
31 1, 1997, or any program area or part of a program area deemed
32 designated as an enterprise zone pursuant to Section 7085.5 as it
33 read prior to January 1, 1997, shall be deemed to be designated
34 as an enterprise zone pursuant to this chapter. The effective date
35 of designation of the enterprise zone shall be that of the original
36 designation of the enterprise zone pursuant to Chapter 12.8
37 (commencing with Section 7070) as it read prior to January 1,
38 1997, or of the program area pursuant to Chapter 12.9
39 (commencing with Section 7080) as it read prior to January 1,

1 1997, and in no event may the total designation period exceed 15
2 years, except as provided in paragraph (2) of subdivision (d).

3 (2) Notwithstanding any other provision of law, any enterprise
4 zone authorized, but not designated, pursuant to Chapter 12.8
5 (commencing with Section 7070) as it read prior to January 1,
6 1997, shall be allowed to complete the application process started
7 pursuant to that chapter, and to receive final designation as an
8 enterprise zone pursuant to this chapter.

9 (3) Notwithstanding any other provision of law, any expansion
10 of a designated enterprise zone or program area authorized
11 pursuant to Chapter 12.8 (commencing with Section 7070) as it
12 read prior to January 1, 1997, or Chapter 12.9 (commencing with
13 Section 7080) as it read prior to January 1, 1997, shall be deemed
14 to be authorized as an expansion for a designated enterprise zone
15 pursuant to this chapter.

16 (4) No part of this chapter may be construed to require a new
17 application for designation by an enterprise zone designated
18 pursuant to Chapter 12.8 (commencing with Section 7070) as it
19 read prior to January 1, 1997, or a targeted economic
20 development area, neighborhood economic development area, or
21 program area designated pursuant to Chapter 12.9 (commencing
22 with Section 7080) as it read prior to January 1, 1997.

23 (f) Notwithstanding any other provision of law, a city, county,
24 or a city and county may designate a joint powers authority to
25 administer the enterprise zone.

26 (g) No more than 42 enterprise zones may be designated at
27 any one time pursuant to this chapter, including those deemed
28 designated pursuant to subdivision (e). Upon the expiration or
29 termination of a designation, the department is authorized to
30 designate another enterprise zone to maintain a total of 42
31 enterprise zones.

32 SEC. 2. The Legislature finds and declares that, because of
33 the unique circumstances applicable only to certain enterprise
34 zones in the County of Los Angeles, a statute of general
35 applicability cannot be enacted within the meaning of
36 subdivision (b) of Section 16 of Article IV of the California
37 Constitution. Therefore, this special statute is necessary.